

VILLAGE OF NEW BREMEN

DAYTON REGION, AUGLAIZE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

Village Council
Village of New Bremen
P. O. Box 27
214 Washington Street
New Bremen, Ohio 45869

We have reviewed the *Independent Auditors' Report* of the Village of New Bremen, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Bremen is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 28, 2011

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AUGLAIZE COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

Members of Council
Village of New Bremen
Auglaize County
Post Office Box 27
New Bremen, Ohio 45869

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio, (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General and Street Construction funds for 2010 and the General Fund for 2009 thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 31, 2011

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Village of New Bremen
Auglaize County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

This discussion and analysis of the Village of New Bremen's, Auglaize County (the "Village") financial performance provides an overall review of the Government's financial activities for the years ended December 31, 2010 and 2009, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2010 are as follows:

Total net assets of governmental activities decreased \$447,589, which represents an 18.1 percent decrease from fiscal year 2009. The fund most affected by the decrease in cash and cash equivalents was the General fund which had a decrease of \$494,134.

Net assets of business-type activities increased \$352,382 or 20.7 percent from fiscal year 2009. The Village had loan proceeds of \$800,000 associated with the electric fund for year 2010 which accounts for the increase in net assets. The Village's major business-type activities fund is the Electric Fund. Net cash assets for the Electric Fund increased in 2010 by \$315,728 or 23.0 percent.

The Village's general receipts are primarily income taxes, real estate and property taxes for government activities. Income tax receipts decreased slightly for 2010 as compared to 2009 as development within the Village has slowed. Income tax receipts represent 79.5 percent and 79.7 percent for 2010 and 2009, respectively of total receipts.

General cash receipts accounted for \$2,829,201 or 82.2 percent, and \$2,850,757 or 78.8 percent of total government activities cash receipts in 2010 and 2009, respectively. Program specific cash receipts accounted for \$611,074 or 17.8 percent, and \$766,650 or 21.2 percent of total government activities cash receipts for 2010 and 2009, respectively.

The Village had \$3,687,864 in cash disbursements related to governmental activities; \$611,074 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$2,829,201 contributed to provide for these programs.

Key highlights for 2009 are as follows:

Total net assets of the Village decreased \$480,005.

Net cash of governmental activities increased \$41,731, which represents a 1.7 percent increase from fiscal year 2008.

Net cash assets of business-type activities decreased \$521,736 or 23.4 percent from fiscal year 2008. The Village's major business-type activities fund is the Electric Fund. Net cash assets for the Electric Fund decreased in 2009 by \$560,868 or 29.0 percent.

The Village's general receipts are primarily income taxes, real estate and property taxes for government activities. Income tax receipts decreased for 2009 as compared to 2008 as development within the Village has slowed. Income tax receipts represent 79.7 percent and 73.0 percent for 2009 and 2008, respectively of total receipts.

Village of New Bremen
Auglaize County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Key highlights for 2009, (Continued)

General cash receipts accounted for \$ 2,850,757 or 78.8 percent, and \$3,458,631 or 89.0 percent of total government activities cash receipts in 2009 and 2008, respectively. Program specific cash receipts accounted for \$766,650 or 21.2 percent, and \$425,560 or 11.0 percent of total government activities cash receipts for 2009 and 2008, respectively.

The Village had \$3,375,676 in cash disbursements related to governmental activities; \$766,650 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$2,850,757 contributed to provide for these programs.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity (Major Funds) in separate columns. All other nonmajor funds are presented in total in a single column.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Village of New Bremen
Auglaize County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Reporting the Village as a Whole

This annual report includes all activities for which the Village is fiscally responsible. These activities, defined as the Village's reporting entity, are operated within separate legal entities that make up the primary government. The primary government consists of the Village of New Bremen.

The statement of net assets and the statement of activities reflect how the Village did financially during 2010 and 2009 within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has several business-type activities, the provision of electric, water, sewer swimming pool, refuse, utility, and library operations. Business-type activities are financed by a fees charged to the customers receiving the service.

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Government as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary, and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds for 2010 are the General and Street Construction Funds. In 2009, the General Fund is the only major governmental fund.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has one major proprietary fund, the Electric Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs. The Village has one fiduciary fund, an agency fund, the Mayors Court fund. At December 31, 2010 and 2009 there was no cash balance in the agency fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 and 2009:

(Table 1)
Net Assets

	Governmental Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	2,025,481	2,473,070	(447,589)	2,431,339	41,731
Total Assets	<u>\$2,025,481</u>	<u>\$2,473,070</u>	<u>(447,589)</u>	<u>\$2,431,339</u>	<u>\$41,731</u>
Net Assets					
Restricted	510,958	464,413	46,545	386,271	78,142
Unrestricted	1,514,523	2,008,657	(494,134)	2,045,068	(36,411)
Total Net Assets	<u>\$2,025,481</u>	<u>\$2,473,070</u>	<u>(447,589)</u>	<u>\$2,431,339</u>	<u>\$41,731</u>

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

(Table 1)
Net Assets

	Business-Type Activities				
	2010	2009	Change	2008	Change
Assets					
Cash and Cash Equivalents	2,053,844	1,701,462	352,382	2,223,198	(521,736)
Total Assets	<u>\$2,053,844</u>	<u>\$1,701,462</u>	<u>\$352,382</u>	<u>\$2,223,198</u>	<u>(521,736)</u>
Net Assets					
Restricted	0	0	0	0	0
Unrestricted	2,053,844	1,701,462	352,382	2,223,198	(521,736)
Total Net Assets	<u>\$2,053,844</u>	<u>\$1,701,462</u>	<u>\$352,382</u>	<u>\$2,223,198</u>	<u>(521,736)</u>

As mentioned previously, net assets of governmental activities decreased \$ 447,589 in 2010; and increased \$41,731 in 2009; and decreased \$28,245 in 2008.

Net cash assets of business-type activities increased \$352,382 in 2010; and decreased \$521,736 in 2009 and increased \$40,240 in 2008.

In 2010, the Village's had two major government funds the General Fund and the Street Construction Fund. The General Fund had cash receipts and other financing receipts of \$2,769,376. The cash disbursements and other financing disbursements of the General Fund totaled \$3,263,510. The General Fund's cash balance decreased \$494,134 from 2009 to 2010, a significant change.

In 2009, the Village's only major fund for was the General Fund. The General Fund had cash receipts and other financing receipts of \$2,886,341. The cash disbursements and other financing disbursements of the General Fund totaled \$2,922,752. The General Fund's cash balance decreased \$36,411 from 2008 to 2009.

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
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Table 2 reflects the changes in net assets in 2010 and 2009:

(Table 2)
Changes in Net Assets

	Governmental Activities				
	2010	2009	Change	2008	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$108,709	\$169,677	(\$60,968)	\$192,020	(\$22,343)
Operating Grants and Contributions	502,365	596,973	(94,608)	233,540	363,433
Total Program Receipts	<u>611,074</u>	<u>766,650</u>	<u>(155,576)</u>	<u>425,560</u>	<u>341,090</u>
General Receipts:					
Property and Other Taxes	316,902	289,059	27,843	189,319	99,740
Income Taxes	2,248,561	2,273,226	(24,665)	2,841,304	(568,078)
Grants and Entitlements Not Restricted to Specific Programs	232,414	244,234	(11,820)	276,446	(32,212)
Sale of Assets	1,250	1,146	104	0	1,146
Interest	10,494	21,912	(11,418)	97,356	(75,444)
Miscellaneous	19,580	21,180	(1,600)	54,206	(33,026)
Total General Receipts	<u>2,829,201</u>	<u>2,850,757</u>	<u>(21,556)</u>	<u>3,458,631</u>	<u>(607,874)</u>
Total Receipts	<u>3,440,275</u>	<u>3,617,407</u>	<u>(177,132)</u>	<u>3,884,191</u>	<u>(266,784)</u>
Disbursements:					
General Government	454,968	493,548	(38,580)	414,901	78,647
Security of Persons and Property:	798,906	884,525	(85,619)	1,031,840	(147,315)
Public Health Services	294	294	0	15,299	(15,005)
Leisure Time Activities	184,910	258,496	(73,586)	276,557	(18,061)
Transportation	516,343	570,803	(54,460)	733,209	(162,406)
Capital Outlay	1,732,443	1,168,010	564,433	1,340,630	(172,620)
Total Disbursements	<u>3,687,864</u>	<u>3,375,676</u>	<u>312,188</u>	<u>3,812,436</u>	<u>(436,760)</u>
Changes in Assets before Transfers	(247,589)	241,731	(489,320)	71,755	169,976
Transfers	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>
Change in Net Assets	(447,589)	41,731	(489,320)	(28,245)	69,976
Net Assets, January 1	<u>2,473,070</u>	<u>2,431,339</u>	<u>41,731</u>	<u>2,459,584</u>	<u>(28,245)</u>
Net Assets, December 31	<u>\$2,025,481</u>	<u>\$2,473,070</u>	<u>(\$447,589)</u>	<u>\$2,431,339</u>	<u>\$41,731</u>

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

(Table 2)
Changes in Net Assets

	Business Type Activities				
	2010	2009	Change	2008	Change
Receipts:					
Program Receipts:					
Charges for Services and Sales	\$5,163,362	\$4,834,782	\$328,580	\$5,347,907	(\$513,125)
Total Program Receipts	<u>5,163,362</u>	<u>4,834,782</u>	<u>328,580</u>	<u>5,347,907</u>	<u>(513,125)</u>
General Receipts:					
Other Local Taxes	234,160	226,997	7,163	245,659	(18,662)
Loan Proceeds	800,000	0	800,000	0	0
Total General Receipts	<u>1,034,160</u>	<u>226,997</u>	<u>807,163</u>	<u>245,659</u>	<u>(18,662)</u>
Total Receipts	<u>6,197,522</u>	<u>5,061,779</u>	<u>1,135,743</u>	<u>5,593,566</u>	<u>(531,787)</u>
Disbursements:					
Electric Operating	5,336,197	5,060,503	275,694	4,930,722	129,781
Other Enterprise Funds	708,943	723,012	(14,069)	722,604	408
Total Disbursements	<u>6,045,140</u>	<u>5,783,515</u>	<u>261,625</u>	<u>5,653,326</u>	<u>130,189</u>
Changes in Assets before Transfers	152,382	(721,736)	874,118	(59,760)	(661,976)
Transfers	<u>200,000</u>	<u>200,000</u>	<u>0</u>	<u>100,000</u>	<u>100,000</u>
Change in Net Assets	352,382	(521,736)	874,118	40,240	(561,976)
Net Assets, January 1	<u>1,701,462</u>	<u>2,223,198</u>	<u>(521,736)</u>	<u>2,182,958</u>	<u>40,240</u>
Net Assets, December 31	<u>\$2,053,844</u>	<u>\$1,701,462</u>	<u>\$352,382</u>	<u>\$2,223,198</u>	<u>(\$521,736)</u>

Governmental Activities Receipts

Program receipts in the governmental activities represent 17.8 and 21.2 percent of total receipts for 2010 and 2009, respectively. They are primarily comprised of intergovernmental receipts such as motor vehicle license, gas tax money, and permissive tax and grants.

General receipts in the governmental activities represent 82.2 and 78.8 percent of the Village's total receipts for 2010 and 2009, respectively. Property and income taxes represent 90.7 and 92.9 percent of the general receipts. Grants and entitlements make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Business Type Receipts

In the business-type activities program receipts account for 80.7 and 91.9 percent of the total receipts in 2010 and 2009, respectively. These receipts are comprised of charges for services, i.e. electric, water and sewer charges, and capital grant contributions.

General receipts in the business type activities represent 19.3 and 8.1 percent of the Village's total business-type receipts for 2010 and 2009, respectively.

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Governmental Activities Disbursements

Disbursements for General fund represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments. The disbursements for Street Construction Fund are for improving and maintaining Village streets. The remaining non-major governmental type funds are considered special revenue type funds. These funds expend monies to provide for parks and recreation of the Village residents; police protection; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Business Type Disbursements

The disbursements of the Electric fund are for the purpose of maintaining and upgrading equipment necessary to provide electric power to residents; paying wages of the department. Disbursements for the remaining Enterprise funds are for the purpose of maintaining sewer and water lines; treatment of water; disposing of refuse; providing specific services; paying of wages of each department; and debt service.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for capital outlay and security of persons and property, which account for 47.0 and 21.7 percent of all governmental disbursements, in 2010 and 34.6 percent and 26.2 percent in 2009, respectively. Transportation also represents a significant cost, about 14.0 and 16.9 percent, for 2010 and 2009, respectively. General government also represents a significant cost, about 12.3 and 14.6 percent, for 2010 and 2009, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

A comparison between the total cost of services and the net cost is presented in Table 3.

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2010	2010	2009	2009
General Government	454,968	(437,247)	493,548	(482,186)
Security of Persons and Property	798,906	(769,516)	884,525	(759,285)
Public Health Services	294	(294)	294	(294)
Leisure Time Activities	184,910	(170,549)	258,496	(241,357)
Transportation	516,343	(317,407)	570,803	(408,778)
Capital Outlay	1,732,443	(1,381,777)	1,168,010	(717,126)
Total Expenses	3,687,864	(3,076,790)	3,375,676	(2,609,026)

The dependence upon income tax receipts is apparent as over 83.4 percent for 2010 and 77.3 percent for 2009, of governmental activities are supported through these general receipts.

**Village of New Bremen
Auglaize County**

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Business-type Activities

The electric operation is the Village's major enterprise fund. This program had cash receipts of \$5,551,925 and \$4,399,635, disbursements of \$5,336,197 and \$5,060,503, in 2010 and 2009, respectively, and transfers in of \$100,000 both years. Net cash assets of the program increased \$315,728, or 23.0 percent, in 2010 and decreased \$560,868, or 29.0 percent, in 2009.

The Village's Funds

Governmental Funds

Total governmental funds had receipts of \$3,440,275 and \$3,617,407 and disbursements of \$3,887,864 and \$3,575,676 for 2010 and 2009, respectively. General Fund receipts were less than disbursements by \$494,134 in 2010 \$36,411 in 2009.

Business Type Funds

Total business-type funds had receipts of \$6,397,522 and \$5,261,779 and disbursements of \$6,045,140 and \$5,783,515 for 2010 and 2009, respectively.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund was the General Fund.

For the general fund, final budgeted revenues and other financing receipts were \$5,570,000. Actual revenues and other financing receipts for fiscal year 2010 were \$2,769,376. This represents a 2,800,624 decrease under budgeted revenues. In 2009, final budgeted receipts for the general fund were \$5,890,359. Actual revenues and other financing receipts for fiscal year 2009 were \$2,886,341, representing a \$3,004,180 decrease under budgeted revenues.

General fund final appropriations and other disbursements for 2010 were \$7,328,484. The actual budget basis expenditures and other financing disbursements for fiscal year 2010 totaled \$3,399,404, which is lower than the final budget appropriations by \$3,929,080. In 2009, final budgeted appropriations for the general fund were \$7,868,487. The actual budget basis expenditures and other financing disbursements for fiscal year 2009 totaled \$3,177,926, which is lower than the final budgeted appropriations by \$4,690,561.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

Village of New Bremen
Auglaize County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and 2009
Unaudited

Debt

At December 31, 2010, the Village's outstanding debt totaled \$900,000 consisting of a debt issuance for business-type activities for electric projects. For further information regarding the Village's debt refer to Note 13 to the basic financial statements.

Current Issues

The Village of New Bremen's major source of revenue is income tax. The Village continues to strive for ways and means to make optimum utilization of available resources. The Village continues to apply for grants and Issue II funding. We finished the Rehabilitation of Lock One Project, for which we received a grant of \$270,000.

The challenge of our Village is to provide quality services to the residents of our community while staying within the restrictions imposed by limited. We rely heavily on local taxes and intergovernmental revenues to provide safe and secure neighborhoods through our Police Department and trained and qualified volunteer Firefighters.

These factors were considered in preparing the Village's budget for fiscal years 2010 and 2009. During 2010 the operating budget was nearly \$20 million. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years. The Village will monitor income tax receipts for each quarter to see which capital projects can precede in 2011 and beyond.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Diane Gast, Fiscal Officer, Village of New Bremen, 214 N. Washington Street, PO Box 27, New Bremen, Ohio 45869-0027.

Village of New Bremen
Auglaize County

Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2010

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,025,481	\$ 2,053,844	\$ 4,079,325
<i>Total Assets</i>	<u>\$ 2,025,481</u>	<u>\$ 2,053,844</u>	<u>\$ 4,079,325</u>
Net Assets			
Restricted for:			
Street Construction	\$ 289,694	\$ 0	\$ 289,694
State Highway	42,689	0	42,689
Parks and Recreation	101,365	0	101,365
Permissive Tax	58,343	0	58,343
Other Purposes	18,866	0	18,866
Unrestricted	<u>1,514,524</u>	<u>2,053,844</u>	<u>3,568,368</u>
<i>Total Net Assets</i>	<u>\$ 2,025,481</u>	<u>\$ 2,053,844</u>	<u>\$ 4,079,325</u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 454,968	\$ 17,721	\$ 0	\$ (437,247)	\$ 0	\$ (437,247)
Security of Persons and Property	798,906	25,140	4,250	(769,516)	0	(769,516)
Public Health Services	294	0	0	(294)	0	(294)
Leisure Time Activities	184,910	12,086	2,275	(170,549)	0	(170,549)
Transportation	516,343	53,762	145,174	(317,407)	0	(317,407)
Capital Outlay	1,732,443	0	350,666	(1,381,777)	0	(1,381,777)
<i>Total Governmental Activities</i>	<u>\$ 3,687,864</u>	<u>\$ 108,709</u>	<u>\$ 502,365</u>	<u>\$ (3,076,790)</u>	<u>\$ 0</u>	<u>\$ (3,076,790)</u>
Business Type Activities						
Electric	\$ 5,336,197	\$ 4,517,765	\$ 0	\$ 0	\$ (818,432)	\$ (818,432)
Other Enterprise	708,943	645,597	0	0	(63,346)	(63,346)
<i>Total Business Type Activities</i>	<u>6,045,140</u>	<u>5,163,362</u>	<u>0</u>	<u>0</u>	<u>(881,778)</u>	<u>(881,778)</u>
<i>Total Primary Government</i>	<u>\$ 9,733,004</u>	<u>\$ 5,272,071</u>	<u>\$ 502,365</u>	<u>\$ (3,076,790)</u>	<u>\$ (881,778)</u>	<u>\$ (3,958,568)</u>
General Receipts						
Property Local Taxes Levied for:						
General Purpose				\$ 216,822	\$ 0	\$ 216,822
Special Revenue				100,080	0	100,080
Income Taxes				2,248,561	0	2,248,561
Other Local Taxes				0	234,160	234,160
Grant and Entitlements not Restricted to Specific Programs				232,414	0	232,414
Loan Proceeds				0	800,000	800,000
Sale of Fixed Assets				1,250	0	1,250
Earnings on Investments				10,494	0	10,494
Miscellaneous				19,580	0	19,580
Total General Receipts				2,829,201	1,034,160	3,863,361
Transfers				(200,000)	200,000	(862,198)
Total General Receipts and Transfers				<u>2,629,201</u>	<u>1,234,160</u>	<u>3,001,163</u>
Change in Net Assets				(447,589)	352,382	(95,207)
Net Assets Beginning of Year				<u>2,473,070</u>	<u>1,701,462</u>	<u>4,174,532</u>
Net Assets End of Year				<u>\$ 2,025,481</u>	<u>\$ 2,053,844</u>	<u>\$ 4,079,325</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	<u>General</u>	<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,514,523	\$ 289,694	\$ 221,264	\$ 2,025,481
<i>Total Assets</i>	<u>\$ 1,514,523</u>	<u>\$ 289,694</u>	<u>\$ 221,264</u>	<u>\$ 2,025,481</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 135,894	\$ 2,611	\$ 4,189	\$ 142,694
Unreserved, Undesignated, Reported in:				
General Fund	1,378,629	0	0	1,378,629
Special Revenue Funds	<u>0</u>	<u>287,083</u>	<u>217,075</u>	<u>504,158</u>
<i>Total Fund Balances</i>	<u>\$ 1,514,523</u>	<u>\$ 289,694</u>	<u>\$ 221,264</u>	<u>\$ 2,025,481</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Construction	Other Total Governmental Funds	Governmental Funds
Receipts				
Property and Local Taxes	\$ 2,465,383	\$ 0	\$ 100,080	\$ 2,565,463
Intergovernmental	232,414	495,840	53,762	782,016
Special Assessments	1,125	0	0	1,125
Charges for Services	24,015	0	14,886	38,901
Fines, Licenses and Permits	13,336	0	1,585	14,921
Earnings on Investments	10,104	297	93	10,494
Contributions and Donations	4,250	0	2,275	6,525
Miscellaneous	17,499	883	1,198	19,580
<i>Total Receipts</i>	<u>\$ 2,768,126</u>	<u>\$ 497,020</u>	<u>\$ 173,879</u>	<u>\$ 3,439,025</u>
Disbursements				
Current:				
General Government	\$ 450,420	\$ 0	\$ 4,548	\$ 454,968
Security of Persons and Property	692,531	0	106,375	798,906
Public Health Services	294	0	0	294
Leisure Time Activities	11,173	0	173,737	184,910
Transportation	166,784	347,917	1,642	516,343
Capital Outlay	1,307,308	350,666	74,469	1,732,443
<i>Total Disbursements</i>	<u>\$ 2,628,510</u>	<u>\$ 698,583</u>	<u>\$ 360,771</u>	<u>\$ 3,687,864</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	139,616	(201,563)	(186,892)	(248,839)
Other Financing Sources (Uses)				
Sale of Fixed Assets	1,250	0	0	1,250
Transfers In	0	275,000	160,000	435,000
Transfers Out	(635,000)	0	0	(635,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(633,750)</u>	<u>275,000</u>	<u>160,000</u>	<u>(198,750)</u>
<i>Net Change in Fund Balances</i>	(494,134)	73,437	(26,892)	(447,589)
<i>Fund Balances Beginning of Year</i>	<u>2,008,657</u>	<u>216,257</u>	<u>248,156</u>	<u>2,473,070</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,514,523</u>	<u>\$ 289,694</u>	<u>\$ 221,264</u>	<u>\$ 2,025,481</u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Local Taxes	\$ 3,762,200	\$ 3,882,200	\$ 2,465,383	\$ (1,416,817)
Intergovernmental	890,900	890,900	232,414	(658,486)
Special Assessments	71,400	71,400	1,125	(70,275)
Charges and Services	70,000	70,000	24,015	(45,985)
Fines, Licenses and Permits	16,000	16,000	13,336	(2,664)
Earnings on Investment	51,000	51,000	10,104	(40,896)
Contributions and Donations	2,000	2,000	4,250	2,250
Miscellaneous	587,500	586,500	17,499	(569,001)
<i>Total receipts</i>	<u>\$ 5,451,000</u>	<u>\$ 5,570,000</u>	<u>\$ 2,768,126</u>	<u>\$ (2,801,874)</u>
Disbursements				
Current:				
General Government	\$ 940,109	\$ 1,045,614	\$ 509,882	\$ 535,732
Security of Persons and Property	1,386,314	1,386,314	715,911	670,403
Public Health Services	2,000	2,000	294	1,706
Leisure Time Activities	25,500	25,500	20,173	5,327
Transportation	405,949	405,949	170,492	235,457
Capital Outlay	3,643,107	3,643,107	1,347,652	2,295,455
<i>Total Disbursements</i>	<u>\$ 6,402,979</u>	<u>\$ 6,508,484</u>	<u>\$ 2,764,404</u>	<u>\$ 3,744,080</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(951,979)</u>	<u>(938,484)</u>	<u>3,722</u>	<u>942,206</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 0	\$ 0	\$ 1,250	\$ 1,250
Transfers In	80,600	0	0	0
Transfers Out	(820,000)	(820,000)	(635,000)	185,000
<i>Total Other Financing Sources (Uses)</i>	<u>(739,400)</u>	<u>(820,000)</u>	<u>(633,750)</u>	<u>186,250</u>
<i>Net Change in Fund Balance</i>	(1,691,379)	(1,758,484)	(630,028)	1,128,456
<i>Fund Balance Beginning of Year</i>	1,753,484	1,753,484	1,753,484	0
<i>Prior Year Encumbrances Appropriated</i>	255,173	255,173	255,173	0
<i>Fund Balance End of Year</i>	<u>\$ 317,278</u>	<u>\$ 250,173</u>	<u>\$ 1,378,629</u>	<u>\$ 1,128,456</u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 200,000	172,500	\$ 145,174	\$ (27,326)
Earnings on Investment	1,000	1,000	297	(703)
Miscellaneous	21,400	1,500	883	(617)
<i>Total receipts</i>	<u>\$ 222,400</u>	<u>\$ 175,000</u>	<u>\$ 146,354</u>	<u>\$ (28,646)</u>
Disbursements				
Current:				
Transportation	666,257	666,257	350,528	315,729
<i>Total Disbursements</i>	<u>\$ 666,257</u>	<u>\$ 666,257</u>	<u>\$ 350,528</u>	<u>\$ 315,729</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(443,857)</u>	<u>(491,257)</u>	<u>(204,174)</u>	<u>287,083</u>
Other Financing Sources (Uses)				
Transfers In	250,000	275,000	275,000	0
<i>Net Change in Fund Balance</i>	(193,857)	(216,257)	70,826	287,083
<i>Fund Balance Beginning of Year</i>	215,766	215,766	215,766	0
<i>Prior Year Encumbrances Appropriated</i>	491	491	491	0
<i>Fund Balance End of Year</i>	<u>\$ 22,400</u>	<u>\$ 0</u>	<u>\$ 287,083</u>	<u>\$ 287,083</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Basis Assets and Fund Balances
Proprietary Funds
For the Year Ended December 31, 2010

	<u>Electric Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,688,505</u>	\$ <u>365,339</u>	\$ <u>2,053,844</u>
<i>Total Assets</i>	\$ <u><u>1,688,505</u></u>	\$ <u><u>365,339</u></u>	\$ <u><u>2,053,844</u></u>
Net Assets:			
Unrestricted	\$ <u>1,688,505</u>	\$ <u>365,339</u>	\$ <u>2,053,844</u>
<i>Total Net Assets</i>	\$ <u><u>1,688,505</u></u>	\$ <u><u>365,339</u></u>	\$ <u><u>2,053,844</u></u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 4,517,765	\$ 645,597	\$ 5,163,362
<i>Total Operating Receipts</i>	<u>4,517,765</u>	<u>645,597</u>	<u>5,163,362</u>
Operating Disbursements			
Personal Services	\$ 374,967	\$ 277,194	\$ 652,161
Contractual Services	3,507,022	177,585	3,684,607
Supplies and Materials	207,381	243,448	450,829
Capital Outlay	891,938	10,716	902,654
<i>Total Operating Disbursements</i>	<u>\$ 4,981,308</u>	<u>\$ 708,943</u>	<u>\$ 5,690,251</u>
<i>Operating Income (Loss)</i>	<u>(463,543)</u>	<u>(63,346)</u>	<u>(526,889)</u>
Non-Operating Receipts (Disbursements)			
Other Local Tax	\$ 234,160	\$ 0	\$ 234,160
Excise Tax	(234,160)	0	(234,160)
Loan Proceeds	800,000	0	800,000
Debt Service:			
Principal Payments	(100,000)	0	(100,000)
Interest and Fiscal Charges	(20,729)	0	(20,729)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>679,271</u>	<u>0</u>	<u>679,271</u>
<i>Transfers In</i>	100,000	100,000	200,000
<i>Change in Net Assets</i>	315,728	36,654	352,382
<i>Net Assets Beginning of Year</i>	<u>1,372,777</u>	<u>328,685</u>	<u>1,701,462</u>
<i>Net Assets End of Year</i>	<u>\$ 1,688,505</u>	<u>\$ 365,339</u>	<u>\$ 2,053,844</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business - Type</u> <u>Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,473,070	\$ 1,701,462	\$ 4,174,532
<i>Total Assets</i>	<u>\$ 2,473,070</u>	<u>\$ 1,701,462</u>	<u>\$ 4,174,532</u>
Net Assets			
Restricted for:			
Street Construction	\$ 216,257	\$ 0	\$ 216,257
State Highway	32,503	0	32,503
Parks and Recreation	109,544	0	109,544
Permissive Tax	16,317	0	16,317
Other Purposes	89,792	0	89,792
Unrestricted	<u>2,008,657</u>	<u>1,701,462</u>	<u>3,710,119</u>
<i>Total Net Assets</i>	<u>\$ 2,473,070</u>	<u>\$ 1,701,462</u>	<u>\$ 4,174,532</u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges	Operating	Governmental	Business-Type	Total
	Disbursements	for Services and Sales	Grants and Contributions	Activities	Activities	
Governmental Activities						
General Government	\$ 493,548	\$ 11,362	\$ 0	\$ (482,186)	\$ 0	\$ (482,186)
Security of Persons and Property	884,525	125,240	0	(759,285)	0	(759,285)
Public Health Services	294	0	0	(294)	0	(294)
Leisure Time Activities	258,496	12,739	4,400	(241,357)	0	(241,357)
Transportation	570,803	20,336	141,689	(408,778)	0	(408,778)
Capital Outlay	1,168,010	0	450,884	(717,126)	0	(717,126)
<i>Total Governmental Activities</i>	<u>\$ 3,375,676</u>	<u>\$ 169,677</u>	<u>\$ 596,973</u>	<u>\$ (2,609,026)</u>	<u>\$ 0</u>	<u>\$ (2,609,026)</u>
Business Type Activities						
Electric	\$ 5,060,503	\$ 4,172,638	\$ 0	\$ 0	\$ (887,865)	\$ (887,865)
Other Enterprise	723,012	662,144	0	0	(60,868)	(60,868)
<i>Total Business Type Activities</i>	<u>5,783,515</u>	<u>4,834,782</u>	<u>0</u>	<u>0</u>	<u>(948,733)</u>	<u>(948,733)</u>
<i>Total Primary Government</i>	<u>\$ 9,159,191</u>	<u>\$ 5,004,459</u>	<u>\$ 596,973</u>	<u>\$ (2,609,026)</u>	<u>\$ (948,733)</u>	<u>\$ (3,557,759)</u>
General Receipts						
Property Local Taxes Levied for:						
General Purpose				\$ 189,985	\$ 0	\$ 189,985
Special Revenue				99,074	0	99,074
Income Taxes				2,273,226	0	2,273,226
Other Local Taxes				0	226,997	226,997
Grant and Entitlements not Restricted to Specific Programs				244,234	0	244,234
Sale of Fixed Assets				1,146	0	1,146
Earnings on Investments				21,912	0	21,912
Miscellaneous				21,180	0	21,180
Total General Receipts				2,850,757	226,997	3,077,754
Transfers				(200,000)	200,000	(927,553)
Total General Receipts and Transfers				<u>2,650,757</u>	<u>426,997</u>	<u>2,150,201</u>
Change in Net Assets				41,731	(521,736)	(480,005)
Net Assets Beginning of Year				<u>2,431,339</u>	<u>2,223,198</u>	<u>4,654,537</u>
Net Assets End of Year				<u>\$ 2,473,070</u>	<u>\$ 1,701,462</u>	<u>\$ 4,174,532</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,008,657	\$ 464,413	\$ 2,473,070
<i>Total Assets</i>	<u>\$ 2,008,657</u>	<u>\$ 464,413</u>	<u>\$ 2,473,070</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 255,173	\$ 76,666	\$ 331,839
Unreserved, Undesignated, Reported in:			
General Fund	1,753,484	0	1,753,484
Special Revenue Funds	<u>0</u>	<u>387,747</u>	<u>387,747</u>
<i>Total Fund Balances</i>	<u>\$ 2,008,657</u>	<u>\$ 464,413</u>	<u>\$ 2,473,070</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Other Total Governmental Funds	Governmental Funds
Receipts			
Property and Local Taxes	\$ 2,463,211	\$ 99,074	\$ 2,562,285
Intergovernmental	244,234	612,909	857,143
Special Assessments	78,483	0	78,483
Charges for Services	46,757	12,739	59,496
Fines, Licenses and Permits	10,210	1,152	11,362
Earnings on Investments	21,459	453	21,912
Contributions and Donations	0	4,400	4,400
Miscellaneous	20,841	339	21,180
<i>Total Receipts</i>	<u>\$ 2,885,195</u>	<u>\$ 731,066</u>	<u>\$ 3,616,261</u>
Disbursements			
Current:			
General Government	\$ 491,078	\$ 2,470	\$ 493,548
Security of Persons and Property	763,997	120,528	884,525
Public Health Services	294	0	294
Leisure Time Activities	20,179	238,317	258,496
Transportation	164,098	406,705	570,803
Capital Outlay	733,106	434,904	1,168,010
<i>Total Disbursements</i>	<u>\$ 2,172,752</u>	<u>\$ 1,202,924</u>	<u>\$ 3,375,676</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	712,443	(471,858)	240,585
Other Financing Sources (Uses)			
Sale of Fixed Assets	1,146	0	1,146
Transfers In	0	550,000	550,000
Transfers Out	(750,000)	0	(750,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(748,854)</u>	<u>550,000</u>	<u>(198,854)</u>
<i>Net Change in Fund Balances</i>	(36,411)	78,142	41,731
<i>Fund Balances Beginning of Year</i>	<u>2,045,068</u>	<u>386,271</u>	<u>2,431,339</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 2,008,657</u></u>	<u><u>\$ 464,413</u></u>	<u><u>\$ 2,473,070</u></u>

See accompanying notes to the basic financial statements

**Village of New Bremen
Auglaize County**

*Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Local Taxes	\$ 3,774,200	\$ 4,237,959	\$ 2,463,211	\$ (1,774,748)
Intergovernmental	306,000	306,000	244,234	(61,766)
Special Assessments	71,400	71,400	78,483	7,083
Charges and Services	70,000	70,000	46,757	(23,243)
Fines, Licenses and Permits	30,900	30,900	10,210	(20,690)
Earnings on Investment	184,000	184,000	21,459	(162,541)
Contributions and Donations	500	500	0	(500)
Miscellaneous	987,500	987,500	20,841	(966,659)
<i>Total receipts</i>	<u>\$ 5,424,500</u>	<u>\$ 5,888,259</u>	<u>\$ 2,885,195</u>	<u>\$ (3,003,064)</u>
Disbursements				
Current:				
General Government	\$ 913,501	\$ 1,705,407	\$ 534,032	\$ 1,171,375
Security of Persons and Property	1,483,793	1,483,793	774,311	709,482
Public Health Services	2,000	2,000	294	1,706
Leisure Time Activities	20,500	20,500	20,179	321
Transportation	421,702	421,702	164,447	257,255
Capital Outlay	3,185,085	3,185,085	934,663	2,250,422
<i>Total Disbursements</i>	<u>\$ 6,026,581</u>	<u>\$ 6,818,487</u>	<u>\$ 2,427,926</u>	<u>\$ 4,390,561</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(602,081)</u>	<u>(930,228)</u>	<u>457,269</u>	<u>1,387,497</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	\$ 2,100	\$ 2,100	\$ 1,146	\$ (954)
Transfers Out	(1,050,000)	(1,050,000)	(750,000)	300,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,047,900)</u>	<u>(1,047,900)</u>	<u>(748,854)</u>	<u>299,046</u>
<i>Net Change in Fund Balance</i>	(1,649,981)	(1,978,128)	(291,585)	1,686,543
<i>Fund Balance Beginning of Year</i>	1,978,129	1,978,129	1,978,129	0
<i>Prior Year Encumbrances Appropriated</i>	66,940	66,940	66,940	0
<i>Fund Balance End of Year</i>	<u>\$ 395,088</u>	<u>\$ 66,941</u>	<u>\$ 1,753,484</u>	<u>\$ 1,686,543</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Basis Assets and Fund Balances
Proprietary Funds
For the Year Ended December 31, 2009

	<u>Electric Fund</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ <u>1,372,777</u>	\$ <u>328,685</u>	\$ <u>1,701,462</u>
<i>Total Assets</i>	\$ <u><u>1,372,777</u></u>	\$ <u><u>328,685</u></u>	\$ <u><u>1,701,462</u></u>
Net Assets:			
Unrestricted	\$ <u>1,372,777</u>	\$ <u>328,685</u>	\$ <u>1,701,462</u>
<i>Total Net Assets</i>	\$ <u><u>1,372,777</u></u>	\$ <u><u>328,685</u></u>	\$ <u><u>1,701,462</u></u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances

Proprietary Funds

For the Year Ended December 31, 2009

	Electric Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts			
Charges for Services	\$ 4,172,638	\$ 662,144	\$ 4,834,782
<i>Total Operating Receipts</i>	<u>4,172,638</u>	<u>662,144</u>	<u>4,834,782</u>
Operating Disbursements			
Personal Services	\$ 378,416	\$ 282,156	\$ 660,572
Contractual Services	3,792,633	313,870	4,106,503
Supplies and Materials	180,277	117,918	298,195
Capital Outlay	426,911	9,068	435,979
<i>Total Operating Disbursements</i>	<u>\$ 4,778,237</u>	<u>\$ 723,012</u>	<u>\$ 5,501,249</u>
<i>Operating Income (Loss)</i>	<u>(605,599)</u>	<u>(60,868)</u>	<u>(666,467)</u>
Non-Operating Receipts (Disbursements)			
Other Local Tax	\$ 226,997	\$ 0	\$ 226,997
Excise Tax	(226,997)	0	(226,997)
Debt Service:			
Principal Payments	(50,000)	0	(50,000)
Interest and Fiscal Charges	(5,269)	0	(5,269)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(55,269)</u>	<u>0</u>	<u>(55,269)</u>
<i>Transfers In</i>	100,000	100,000	200,000
<i>Change in Net Assets</i>	(560,868)	39,132	(521,736)
<i>Net Assets Beginning of Year</i>	<u>1,933,645</u>	<u>289,553</u>	<u>2,223,198</u>
<i>Net Assets End of Year</i>	<u>\$ 1,372,777</u>	<u>\$ 328,685</u>	<u>\$ 1,701,462</u>

See accompanying notes to the basic financial statements

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 1 – REPORTING ENTITY

The Village of New Bremen (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water, sewer and electric utility services, street maintenance and repair, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, electric, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police and fire services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any Component Units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village participates in one (1) jointly governed organization. Note 15 to the financial statements provide additional information for this entity.

Joint Venture Organization:

- 1). Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major funds for 2010 were the General and Street Construction funds. The Village's major fund for 2009 was the General fund.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the Ohio laws.

Street Construction Fund – This fund accounts for all transactions relating to maintaining and repairing streets.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village had one major enterprise fund:

Electric Fund – This fund accounts for the user charges and expense of providing electricity.

The Village has six nonmajor enterprise funds that are used to account for water, sewer, refuse, utility deposits, swimming pool, and library operations.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust, and agency funds. Trust funds account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's programs. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court. The agency fund did not have cash assets to report at December 31, 2010 or 2009.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance; both are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. Although the Auglaize County Budget Commission waived the required tax budget, the Village submitted the financial data they required in order to assess the need. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2010 and 2009, the Village invested in STAR Ohio and interest bearing checking accounts. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2010 and 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 and 2009 was \$10,104 and \$21,459, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts restricted for other purposes represent special revenue funds restricted to a specific use.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Accumulated Leave

In some circumstances, upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and the principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for grants.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Changes in Accounting Principal

Beginning with fiscal year 2009, the Village has implemented GASB Statement No. 45, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB No. 45 did not have an effect on the financial statements of the Village; however, certain disclosures related to postemployment benefits (see Note 12) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Village.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis, presented for the General Fund and Street Construction Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balances (cash basis).

The encumbrances outstanding at year end 2010 (budgetary basis) for the General Fund amounted to \$135,894 and \$2,611 for the Street Construction fund. The encumbrances outstanding at year end 2009 (budgetary basis) for the General Fund amounted to \$255,173.

NOTE 5 – COMPLIANCE

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2010 in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Computer Mayor, EMS, Issue II Grants, Issue II – Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse and Library Funds by \$2,800,624, \$28,646, \$38,172, \$188,441, \$4,778, \$82,974, \$687, \$24,920, \$680,000, \$200,000, \$208,482, \$159,482, \$848,075, \$93,267, \$9,750, \$13,222 and \$20,200, respectively. In 2009, estimated receipts were noted exceeding actual receipts in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Computer Clerk, Computer Mayor, EMS, Issue II Grants, Issue II – Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse and Library Funds by \$3,001,018, \$82,953, \$53,446, \$111,536, \$4,875, \$116,109, \$11,210, \$3,763, \$25,926, \$714,000, \$200,000, \$304,785, \$257,894, \$2,000,365, \$91,513, \$6,944, \$66,519 and \$25,200, respectively.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 5 – COMPLIANCE (Continued)

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund shall not exceed the total resources. Contrary to Ohio Law, the Village's appropriations exceeded actual resources in 2010 in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Computer Mayor, EMS, Issue II Grants, Issue II – Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse and Library Funds by \$2,550,451, \$28,646, \$38,172, \$188,441, \$4,778, \$82,974, \$687, \$24,920, \$680,000, \$200,000, \$208,482, \$159,482, \$848,075, \$93,267, \$9,750, \$13,222 and \$20,200, respectively. In 2009, appropriations exceeded actual resources in the General, Street Construction, State Highway, Parks & Recreation, Drug Law Enforcement, Permissive Motor Vehicle License, Computer Clerk, Computer Mayor, EMS, Issue II, Projects, Water, Sanitary Sewer, Electric, Pool, Utility Deposit, Refuse and Library Funds by \$2,937,078, \$82,953, \$53,446, \$111,536, \$4,875, \$116,109, \$11,210, \$3,763, \$25,926, \$714,000, \$200,000, \$304,785, \$257,894, \$2,000,365, \$91,513, \$6,944, \$66,519 and \$25,200, respectively.

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

At year-ended December 31, 2010 and 2009, the carrying amount of the Village's deposits was \$1,079,325 and \$1,174,532, and the bank balance was \$1,103,265 and \$1,214,653, respectively. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures" \$849,819 was exposed to custodial risk as discussed below, while \$253,446 was covered by federal depository Insurance Corporation for 2010. For 2009, \$948,682 was exposed to custodial risk as discussed below, while \$265,971 was covered by federal depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Village's deposits may not be returned. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2010 and 2009, the Village had the following investments and maturities:

Carry	2010 ing Value	2009 Carry ing Value Maturity	Average
STAR Ohio	\$ 3,000,000	\$ 3,000,000	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village’s investment policy addresses interest rate risk by requiring that the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village’s investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax (other than public utility property) were entirely phased out in 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 7 – PROPERTY TAXES (Continued)

The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

2010		2009
Real Property Tax	\$73,662,060	\$72,947,030
Public Utility Personal Property	242,530	242,530
Total Assessed Value	\$73,904,590	\$73,233,990

NOTE 8 – INTERFUND TRANSFERS

Interfund transfers for the years ended December 31, 2010 and 2009, consisted of the following, as reported in the fund financial statements: Transfers from the general fund:

	<u>2010</u>
Transfers to:	
Electric Fund	\$ 100,000
Other Enterprise funds	100,000
Street Construction	275,000
Nonmajor governmental funds	160,000
Total \$	635,000
	<u>2009</u>
Transfers to:	
Electric Fund	\$ 100,000
Other Enterprise funds	100,000
Nonmajor governmental funds	550,000
Total \$	750,000

Transfers are used to; move revenues from the fund required to collect them to the fund required to expend them, to move receipts restricted to debt service from the funds collecting them to the debt service fund as debt service payments become due, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 9 – LOCAL INCOME TAXES

The Village levies a 1.50 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. In 2010 and 2009, the Village collected \$2,248,561 and \$2,273,226, respectively.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 10 – RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio political subdivisions. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member political subdivisions pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or before January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in the amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. The Village can elect up to \$10,000,000 in additional coverage, with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2008. For 2009, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to annual aggregate stop loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate stop loss payment. Travelers provided aggregate stop loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$300,000 in 2009, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective village. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 10 – RISK MANAGEMENT, (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (latest information available):

	2009	2008
Assets	\$36,374,898	\$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Retained Earnings	<u>\$21,118,036</u>	<u>\$20,459,329</u>

Additional financial information may be obtained at www.pepohio.org.

At December 31, 2009 and 2008 (the latest information available), respectively, casualty coverage liabilities noted above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.1 million and \$13.7 million of unpaid claims to be billed to approximately 447 member political subdivisions in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 11 – PENSION PLANS

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 11 – PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010 and 2009, member and contribution rates were consistent across all three plans, law enforcement and public safety divisions exist only within the traditional plan. The 2010 and 2009, member contribution rates were 10.0 percent, for members in State and local classifications. Public Safety and law enforcement members contributed 10.1 percent. The Village's contribution rate for 2010 and 2009, was 14.0 percent, for, except for those plan members in law enforcement or public safety, for whom the Village contribution was 17.4 percent, of covered payroll.

The Village's required contributions for the years' pension obligations to the tradition pension and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$94,887, \$79,721, and \$80,010, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0 percent of their annual covered salary, while the Village is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. Contribution rates are established by state statute. For 2010, the portion of the Village's contributions to fund pension obligations was 12.75 percent for police officers. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2010, 2009 and 2008 were \$40,380, \$39,619, and \$38,425, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

NOTE 12 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEN benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, 2009 and 2008, local government employer units contributed at 14 percent and 14 percent of covered payroll, respectively. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008 through March 31, 2009, the employer contribution allocated to the health care plan was 7.0 percent and 5.5 percent from April 1 through December 31, 2009, respectively, of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions to OPERS to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$63,257, \$79,721, and \$80,010, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the healthcare plan.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

OP & F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Village of New Bremen
Auglaize County**

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

The Village’s contributions to OP&F to fund postemployment healthcare benefits police officers for the years ended December 31, 2010, 2009, and 2008 were \$21,363, \$20,210, and \$20,342, respectively; 100 percent has been contributed for 2010, 2009, and 2008.

NOTE 13 – DEBT

The Village’s long-term debt activity for the year ended December 31, 2010 and 2009 was as follows:

	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Amount due in One Year
Fifth Third Bank	\$ 200,000	\$ 0	\$ 100,000	\$ 100,000	\$ 100,000
Minster Bank	0	800,000	0	800,000	0
Total \$	<u>200,000</u>	<u>\$ 800,000</u>	<u>\$ 100,000</u>	<u>\$ 900,000</u>	<u>\$ 100,000</u>

	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Amount due in One Year
Fifth Third Bank	\$ 250,000	0	\$ 50,000	\$ 200,000	\$ 100,000

The Village has two outstanding loans which are accounted for in the electric fund. The Fifth Third loan requires semi-annual payments with a fixed interest rate of 4.25 percent, with the final payment due in 2011. In 2010 the Village financed an additional \$800,000 at Minster Bank for the electric fund improvements. The loan is interest only through March 2012 at 3.25 percent paid in semi-annual payments. Semi-annual payments of principal and interest commence September 2012 in the amount of \$87,434 at 3.25 percent.

The following is a summary of the Village’s future annual debt service requirements:

Year	Fifth Third Bank		Minster Bank	
	Principal	Interest	Principal	Interest
2011	\$100,000	\$3,196	0	\$26,361
2012	0	0	74,146	26,433
2013	0	0	152,207	22,662
2014	0	0	157,264	17,606
2015	0	0	162,489	12,381
2016	0	0	167,864	7,006
2017	0	0	86,030	1,406
Totals	<u>\$100,000</u>	<u>\$3,196</u>	<u>\$800,000</u>	<u>\$113,855</u>

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 14 – ECONOMIC DEPENDENCE

The Village receives approximately 60 percent of its electric, water and sewer revenue from a local manufacturer. The same manufacturer also accounts for approximately 60 percent of the Village's income tax receipts through payroll withholdings and the manufacturer's corporate tax.

NOTE 15 – JOINT VENTURE

The Village of New Bremen is a Financing Participant with an ownership percentage of 2.38 percent, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2010 New Bremen has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

Village of New Bremen
Auglaize County

Notes to the Financial Statements
For the Year Ended December 31, 2010 and 2009

NOTE 15 – JOINT VENTURE (Continued)

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$257,110 at December 31, 2010. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

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Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Members of Council
Village of New Bremen
Auglaize County
Post Office Box 27
New Bremen, Ohio 45869

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of New Bremen, Auglaize County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 31, 2011, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of finding we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect, and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider Findings Number 2010-001 through 2010-003 described in the accompanying schedule of findings to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001, 2010-002 and 2010-004.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 31, 2011.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response, and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 31, 2011

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2010-001

Material Weakness

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation. The following funds were determined to have estimated receipts significantly in excess of actual receipts:

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2010			
General Fund	\$5,570,000	\$2,769,376	(\$2,800,624)
Street Construction	450,000	421,354	(28,646)
State Highway	50,000	11,828	(38,172)
Parks & Rec.	354,000	165,559	(188,441)
Drug Law Enf.	5,000	222	(4,778)
Permissive MVL	125,000	42,026	(82,974)
Computer - Clerk	1,000	313	(687)
EMS	125,000	100,080	(24,920)
Issue II - Grants	680,000	0	(680,000)
Issue II - Projects	200,000	0	(200,000)
Water	500,000	291,518	(208,482)
Sewer	350,000	190,518	(159,482)
Electric	6,500,000	5,651,925	(848,075)
Pool	250,000	156,733	(93,267)
Utility Deposits	25,000	15,250	(9,750)
Refuse	100,000	86,778	(13,222)
Library	25,000	4,800	(20,200)

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001, (Continued)

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2009			
General Fund	\$5,890,359	\$2,886,341	(\$3,004,018)
Street Construction	500,000	417,047	(82,953)
State Highway	65,000	11,554	(53,446)
Parks & Rec.	354,000	242,464	(111,536)
Drug Law Enf.	5,000	125	(4,875)
Permissive MVL	125,000	8,891	(116,109)
Computer - Clerk	12,000	790	(11,210)
Computer - Mayor	4,000	237	(3,763)
EMS	125,000	99,074	(25,926)
Issue II - Grants	714,000	0	(714,000)
Issue II - Projects	200,000	0	(200,000)
Water	600,000	295,215	(304,785)
Sewer	450,000	192,106	(257,894)
Electric	6,500,000	4,499,635	(2,000,365)
Pool	250,000	158,487	(91,513)
Utility Deposits	25,000	18,056	(6,944)
Refuse	160,000	93,481	(66,519)
Library	30,000	4,800	(25,200)

Failure to obtain the amended certificate of estimated resources did not provide the trustees with an accurate estimate of resources available for appropriations which could lead to negative fund balances. Village management should monitor receipts and amend estimated receipts when necessary to keep estimated receipts in line with actual receipts and make any corresponding amendments to its appropriations and disbursements. No negative fund balances noted.

Response: Fiscal Officer and Council will monitor budgetary compliance more closely in the future.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2010-002

Material Weakness

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. Contrary to Ohio Law, the Village's appropriations exceeded actual resources in the following funds:

Fund	Actual Resources Available	Appropriations	Variance
2010			
General Fund	\$4,778,033	\$7,328,484	(\$2,550,451)
Street Construction	637,120	665,766	(28,646)
State Highway	44,331	82,503	(38,172)
Parks & Rec.	274,209	462,650	(188,441)
Drug Law Enf.	6,321	11,099	(4,778)
Permissive MVL	58,343	141,317	(82,974)
Computer - Mayor	464	1,151	(687)
EMS	107,934	132,854	(24,920)
Issue II - Grants	0	680,000	(680,000)
Issue II - Projects	0	200,000	(200,000)
Water	356,434	564,916	(208,482)
Sewer	282,724	442,206	(159,482)
Electric	6,912,229	7,760,304	(848,075)
Pool	210,392	303,659	(93,267)
Utility Deposits	62,011	71,761	(9,750)
Refuse	127,719	140,941	(13,222)
Library	31,683	51,883	(20,200)

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2010-002, (Continued)

<u>Fund</u>	<u>Actual Resources Available</u>	<u>Appropriations</u>	<u>Variance</u>
2009			
General Fund	\$4,931,409	\$7,868,487	(\$2,937,078)
Street Construction	600,934	683,887	(82,953)
State Highway	41,987	95,433	(53,446)
Parks & Rec.	345,956	457,492	(111,536)
Drug Law Enf.	6,099	10,974	(4,875)
Permissive MVL	21,617	137,723	(116,109)
Computer - Clerk	3,139	14,349	(11,210)
Computer - Mayor	2,621	6,384	(3,763)
EMS	114,053	139,979	(25,926)
Issue II	0	714,000	(714,000)
Issue II - Projects	0	200,000	(200,000)
Water	361,737	666,522	(304,785)
Sewer	267,142	525,036	(257,894)
Electric	5,902,686	7,903,051	(2,000,365)
Pool	200,807	292,320	(91,513)
Utility Deposits	65,870	72,814	(6,944)
Refuse	121,475	187,994	(66,519)
Library	29,182	54,382	(25,200)

To comply with this section and improve budgetary controls the Village should file their appropriation measures with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: The Village will monitor budgetary compliance more closely in the future.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2010-003

Material Weakness

On behalf payments

The Village did not record on-behalf payments made directly to contractors in 2009 by the Ohio Public Works Commission and the Ohio Department of Transportation. Pursuant to Auditor of State Bulletins 2000-008 and 2002-004, for the purpose of accounting for these on-behalf payments, the Village should record these monies in the appropriate fund established; also such monies should be budgeted by the Village. By not recording the receipts and disbursements, the Village's financial statements understated revenue and expenses for 2009 by \$352,218. The accompanying financial statements have been adjusted to reflect these activities.

We recommend the Village record all future grant payments made directly to vendors as receipts and disbursements within the appropriate fund.

Response: The Village will review the AOS Bulletins referenced above and record on-behalf payments as directed.

FINDING NUMBER 2010-004

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and Now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2010-004 (Continued)

2. **Blanket certificate** – The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one line item appropriation.

3. **Super Blanket certificate** – The district may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 14 percent of expenditures chosen for review in both 2010 and 2009; and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can lead to misappropriation of monies and negative cash fund balances. Unless the exceptions noted above are utilized, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility that Village funds will exceed budgetary spending limitations, we recommend that the Village certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, and the expenditure meets the criteria noted above, “then and now” certification should be used.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Village will review ORC Section 5705.41 (D) for proper certification of funds.

**VILLAGE OF NEW BREMEN
AUGLAIZE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	Ohio Rev. Code Section 5705.36 - Estimated Receipts exceeded actual receipts in numerous funds.	No	Reissued as Finding 2010-001

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Dave Yost • Auditor of State

VILLAGE OF NEW BREMEN

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 9, 2011